

report shall contain that information prescribed for new entrant reports in the "Instructions" attached to the SF-278. No such report is necessary if the reporting individual has left another position requiring the submission of an SF-278 within 30 days prior to assumption of the new position, or has submitted an SF-278 as a nominee for the new position within 30 days of assuming it. As special Government employees, Reserve officers (as defined in paragraph (e)(4) of this section) commencing active duty for training are initially exempt from this reporting requirement. If, however, such an officer performs active duty for training in excess of 60 days in a calendar year, whether or not in a pay status, a report shall be filed within 15 days after serving the sixty-first day. New entrant reports shall be reviewed and forwarded by the appropriate supervisor and ethics counselor in the same manner as annual reports (see paragraph (i) of this section).

(i) *Annual Financial Disclosure Report (SF-278)*—(1) *Execution and signature.* At any time after 1 January, but not later than 1 May, naval executive personnel who served as such for more than 60 days during the preceding calendar year shall submit an annual Financial Disclosure Report. These reports are to be completed in accordance with the "Instructions for Completing SF-278" attached thereto. Even though no changes have occurred since the last filing of an SF-278, a complete report is required for each calendar year. Military officers newly promoted to the grade of O-7 and having dates of rank after 1 November of the preceding calendar year need not file an annual report. Their attention, however, is directed to paragraph (h) of this section.

(2) *Submission.* (i) SF-278's shall be submitted as follows:

(A) Civilian presidential appointees, to the General Counsel of the Navy;

(B) Other naval executive personnel assigned to positions within the Department of the Navy, to their appropriate supervisor for review and forwarding;

(C) Navy and Marine Corps officers serving in the various Defense agencies (e.g., DNA, DCA, DMA, DLA, DIA), or in the Central Intelligence Agency, to

the Designated Agency Ethics Officials of those agencies;

(D) Navy and Marine Corps officers serving in the Office of the Secretary of Defense, the Organization of the Joint Chiefs of Staff, National Security Council, National Aeronautics and Space Administration, or in other assignments outside of the Department of the Navy not specifically mentioned in this paragraph, via their appropriate supervisor, to the Director for Personnel and Security, Washington Headquarters Services (OSD); and

(E) Navy and Marine Corps officers serving in joint, unified or specified commands, through their superiors for processing in accordance with procedures adopted by the unified, specified, or joint commander.

(ii) Naval executive personnel who are double or triple "hatted" shall meet the filing requirements of each position independently of the other.

(3) *Initial action by appropriate supervisor.* When a report is submitted, the appropriate supervisor shall attach to the report an unclassified copy of the official position description and thereupon forward both documents to the cognizant ethics counselor.

(4) *Ethics counselor*—(i) *Review.* The ethics counselor shall review the report in accordance with the standards set forth in paragraph B. Ethics counselors need not audit reports to ascertain whether the facts reported therein are accurate. They may be taken at face value unless there is an apparent omission or ambiguity, or the ethics counselor has independent knowledge of matters at variance with the report.

(ii) *Disposition by ethics counselor.* (A) If the ethics counselor concludes that no actual or apparent violation of law or regulation is disclosed, he or she shall enter the following endorsement in the "Comments" section of page 1 of the report: "The information contained in this report discloses no conflict of interest under applicable laws and regulations." The ethics counselor shall thereupon date and sign the report with full name, command or activity, and the title "Ethics Counselor," and forward it to the cognizant deputy ethics official.

(B) If the ethics counselor concludes that no violation is disclosed but that

the reporting individual has a direct or indirect financial interest or affiliation which, given other circumstances or different duties and responsibilities within the Department, might give rise to a conflict of interest, he or she shall issue a memorandum of caution to the reporting individual. One copy of the memorandum of caution shall be delivered to the appropriate supervisor and a second copy attached to the SF-278. Thereafter, the ethics counselor shall endorse and forward the report in the manner provided in paragraph (i)(4)(ii)(A) of this section.

(C) If the ethics counselor concludes that the information contained in the report discloses an actual or apparent violation of applicable law or regulation, he or she shall so state by making an appropriate endorsement on page 1 of the report and return the report to the appropriate supervisor.

(5) *Appropriate supervisor review.* If an ethics counselor returns to an appropriate supervisor an SF-278 containing an endorsement indicating an actual or apparent conflict of interest, the appropriate supervisor shall review the report in accordance with the standards set forth in paragraph (b) of this section.

(i) If the appropriate supervisor concludes that no actual or apparent conflict of interest is disclosed, he or she shall endorse, date, sign, and return the report to the ethics counselor. If the ethics counselor agrees with the conclusion of the appropriate supervisor, he or she shall forward the report to the cognizant deputy ethics official, noting concurrence. Otherwise, the matter shall be referred to higher authority within the command or activity for resolution, and the report, noting that resolution is pending, shall be forwarded to the cognizant deputy ethics official.

(ii) If the appropriate supervisor concludes that an actual or apparent conflict is disclosed, he or she shall issue a memorandum of disqualification to the reporting individual. One copy of the memorandum shall be delivered to the ethics counselor and a second copy attached to the SF-278. The appropriate supervisor shall endorse and forward the report to the cognizant deputy eth-

ics official noting the disqualification in the endorsement.

(6) *Time limits for review and disposition.* Action by the ethics counselor and, if required, the appropriate supervisor, must be completed and the report forwarded to the cognizant deputy ethics official within 15 days of submission but not later than 15 May. If necessary to provide sufficient time to accomplish the required review, commanding officers and heads of activities may require subordinate naval executive personnel to submit their SF-278's prior to 1 May. When a filing extension has been granted in accordance with the procedures of paragraph (k) of this section and a report is received after 1 May, review shall be completed and the report forwarded no later than 15 days after the report is received by the appropriate supervisor.

(j) *Termination reports (SF-278).* Within thirty days after termination of employment from a naval-executive-personnel position, a reporting individual shall submit an SF-278 in the same manner prescribed in paragraph (i)(2) of this section. Termination reports shall contain information covering the preceding calendar year, if an annual report was not filed for that year, and that portion of the present calendar year up to the date of termination of employment. A termination report is not required of an individual who, within 30 days of such termination, assumes another position requiring the submission of an SF-278. Termination reports shall be reviewed and forwarded by the appropriate supervisor and ethics counselor in the same manner as annual reports.

(k) *Extension of filing deadlines (SF-278).* (1) The General Counsel, in the case of civilian presidential appointees, and the cognizant deputy ethics official in other cases (the cognizant Designated Agency Ethics Official in the case of those flag officers serving in entities identified in paragraphs (i)(2), (i)(3), and (5) of this section, may grant, for good cause, a filing extension of up to 45 days. All requests for extensions shall be submitted in writing to the cognizant official. A copy shall be provided concurrently to the appropriate supervisor and cognizant ethics counselor. The request shall contain a